

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting
October Regular Meeting

Monday, October 28, 2013
1011 North 10th Street
11:30 a.m.

1. Call to Order

The regular October Board Meeting of the Grand Junction Housing Authority (GJHA) was called to order at 11:31 a.m. by Board Chair Chuck McDaniel. The following individuals were in attendance: Board Members Tami Beard, Chris Launer, Paul Marx, Chris Mueller, and Barbara Traylor Smith; Staff Members CEO Jody Kole, COO Lori Rosendahl, CFO Karla Distel, and Executive Assistant Kristine Franz. Board Member Scott Aker arrived later in the meeting.

2. Welcome to Tami Beard

The group welcomed the newest Board Member, Tami Beard. Appointed by the Grand Junction City Council, Tami replaces Tim Hudner, whose term expired October 2013. Board and Staff introductions were made.

Scott Aker joined the meeting at 11:34 a.m.

3. Resolution No. 2013-12 Adopting Budgets for Calendar Year 2014 for Arbor Vista, Linden Pointe, and Village Park

Referencing her Board memo dated October 28, 2013, Karla Distel reviewed the following highlights for the Tax Credit Properties of Linden Pointe, Arbor Vista, and Village Park for the Budget Calendar Year ending December 31, 2014:

General

- Rent increases authorized in mid-2013 for Arbor Vista and Linden Pointe are included.
- With the capitalization threshold at \$1K, items such as appliance and repair projects costing less than \$1K have been moved into the Operating Budget reflecting an increase in the Repairs and Maintenance category for some of the properties.
- Costs were shifted between properties and programs with the use of a new model that uses full-time employee equivalents for allocating certain common costs. In cases where costs are allocated over a number of units, the addition of the 72 Village Park units has spread some costs differently.

Arbor Vista

- Rents are being held at the same level as authorized in mid-2013.
- A reduction in the vacancy loss from 3.5% to 2.5% is anticipated.
- Tenants continue to be charged for tenant-caused damages and for vacancy losses when a lease is broken.
- Revenues are up nearly 3%.
- Expenditures are consistent with 2013.
- The property management staff is spending less time at Arbor Vista; therefore, compensation is down slightly.
- An increase in Repairs and Maintenance is noticed due to the shift of Replacement Reserve items and repairs from Capital to Operations.
- Professional Fees and Admin Expenses are down due to Village Park included in the split of allocations of costs.
- The Occupancy Cost is less due to consolidation of office space and the utilization of the Village Park leasing office.
- Capital expenditures include \$1,200 for concrete repairs to a sidewalk and \$9K for replacement of handrails.
- Overall, Arbor Vista should generate approximately \$35K in Operating Cash Flow, which will be used to reduce the balance of the Deferred Developer Fee. If there are gaps in financing, the Agency loans a portion of its Developer Fee back to the Development, which is subsequently repaid from the Operating Cash Flow. This Deferred Developer Fee must be paid back in full within the first ten years.

Clarification was given to the question asked by Chris Launer regarding accrued loan interest on soft loans. Interest accrued on soft loans becomes a non-cash expense.

Linden Pointe

- Rent is based on the current rent roll with the 2013 rent increases included as tenants recertify annually. Rent increases are small.
- A 3% vacancy loss is budgeted due to expected tenant moves to Village Park. The year-to-date rent loss is about 2%.
- Overall, a projected 2% increase in revenues is projected.
- Operating expenditures are lower than 2013.
- An increase in Repairs and Maintenance is noticed due to the shift of Replacement Reserve items and repairs from Capital to Operations.
- Professional Fees and Admin Expenses are down due to Village Park being included in the split of allocations of costs.

- The Occupancy cost is less due to consolidation of office space.
- Capital expenditures include \$4,500 to paint the exterior doors and \$2,500 to make sidewalk repairs.
- Overall, Linden Pointe should generate approximately \$72K in Operating Cash Flow.

Karla Distel and Jody Kole answered Chuck McDaniel's question stating that the loan from the Developer Fee is paid back in full, and now other soft loans will be paid with the Operating Cash flow funds. Scott Aker requested clarification on how the 3% vacancy loss was determined. Jody Kole and Lori Rosendahl outlined the following rationale:

- The normal unit turn-over rate is 3%.
- Families move due to many reasons - affordability, location, schools, family, etc.
- Necessary time is allotted for the leasing agent to meet with numerous families to find a family that meets the correct income guidelines and requirements of the Tenant Selection Plan. This can be a very time-consuming process.

Village Park

- The 2014 Budget for Village Park is under the assumption that it will be fully leased up by January 1, 2014.
- Leasing of residential units is mostly on schedule for the first two buildings. Due to a harsh winter, several of the buildings were not delivered on schedule, putting the overall leasing process behind.
- The estimated conversion of the construction loan to the permanent loan date is April 1, 2014 so mortgage and interest payments have been calculated on that basis.
- Vacancy loss is budgeted at 3%.
- The Expenditure budget is based generally on the more conservative of the Pro-Forma numbers developed as part of the financing or the costs we have seen in the initial months of operation.
- Village Park is expected to generate positive cash flow, with numbers possibly refined through the first six months of operation.

With no further discussion, the Board adopted *Resolution No. 2012-13 Adopting Budgets for Calendar Year 2014 for Arbor Vista, Linden Pointe, and Village Park* with a motion by Chris Launer, a seconded by Paul Marx, and a unanimous vote.

4. Village Park Development Update

Jody Kole gave a brief status update on the Village Park Development.

She stated that by November 1, 2013, the major punch list for the last residential building will be completed and a Certificate of Occupancy (CO) issued. Minor building punch list items remain and will be completed within the next two weeks.

For the most part, Phase I landscaping is complete. The retaining wall between the GJHA property and the First Church of the Nazarene at 2802 Patterson Road is finished. This retaining wall resolves the elevation issue due to a higher grade on Patterson Road than the Development and helps to define the property boundary. In Phase II, the ground is graded to eliminate future drainage issues.

Over the next six months, the following activities will occur:

- Perfecting the tax credits and making sure the grant funders are satisfied.
- The auditors will perform the Cost Certification and the final construction audit.
- The final Colorado Housing and Finance Authority (CHFA) Tax Credit Application will be drafted and sent to CHFA.
- Once CHFA is confident that all costs are categorized correctly, audited, and proven correct and the Long Term Land Use Restriction Agreement (LURA) is signed, CHFA will issue the "official" Tax Credit Certificate. This Certificate is sent to the investors who send the Certificate in with their taxes.
- GJHA receives the final equity installment payments.
- The construction loan is converted to permanent financing.

Jody Kole responded to Chuck McDaniel's question regarding are liquidated damage penalties included in the Enterprise Equity Investor's contract by stating yes. She explained that GJHA established a reasonable lease-up schedule based on Shaw Construction's performance deadlines of building delivery. With the exception of the largest building, the GJHA lease-up schedule is generally four to six weeks after the CO is issued for each building. A longer time frame is allowed for the lease-up of Building F (also known as Building Number 600), the largest building with 24 units. All buildings are planned to be fully leased by year-end.

Enterprise, however, established a more conservative lease-up schedule that continues into March of 2014. GJHA may incur actual damages from Enterprise and the investors according to their lease-up schedule, while Shaw Construction is held accountable to the GJHA leasing schedule. Reconciliation of any liquidated damage penalties has yet to be done and upon calculation will be presented to the Board for resolution.

To date, approximately 34 units out of the 72 total units are leased with Building E (also known as Building 500) being the second building to be fully leased.

5. Strategic Plan Follow-up

For the benefit of the two new Board Members, Chris Mueller gave the history on creating the GJHA Five-Year Strategic Plan. He stated this Plan is based after a model identified as the Balanced Score Card, and has been used the previous two years. Information gathered at annual Board/Staff Strategic Planning Retreats and input from the GJHA leadership team has helped to shape and update the Plan on a yearly basis. This year, the Board Compensation Committee requested stretch goals be identified and included for consideration of incentive compensation and/or performance bonuses.

Chris led the group in an extensive review of the individual goals. Jody Kole and/or Lori Rosendahl gave Board clarification as requested/needed. The following additional information provided during the review on certain goals is listed below:

- Meet the Need for Affordable Housing – a stretch goal
 - Jody Kole verified the goal of full utilization of all Vouchers and/or budget authority with zero unrestricted assets utilized to sustain Vouchers available. She stressed that it is not the intent to withdraw assistance from households currently holding GJHA Vouchers.
 - Barbara Traylor Smith requested a copy of the GJHA Policy on withdrawing assistance from households currently holding GJHA Vouchers. Jody Kole has this action item.

- Need to get ALL Staff Consolidated into One Location – a stretch goal
 - Jody Kole informed the Board of progress in this area, giving consideration to current opportunities and partnerships.

- Staff Safety in the Forefront in Training
 - Lori Rosendahl reported that a security system is being installed in the Voucher Services Center at 1011 North Tenth Street which includes staff utilizing individual panic buttons in the event an employee is at risk from negative actions of clients. Jody Kole noted the completion of an Agency-wide security assessment plan, and a customized Agency security training plan is being developed.

- Define and Communicate GJHA's Role in Services to the Homeless
 - Lori Rosendahl announced that on November 19, 2013, the Colorado Lieutenant Governor and a group of individuals on the national level from the Veterans' Affairs (V.A.) will be in Grand Junction. This group is in Grand Junction supporting the community's crusade on ending Veterans' homelessness. GJHA will be recognized for its work with Project-Based Vouchers for veterans, and guests will tour the Village Park Development.

- Good Partners – a stretch goal
 - Scott Aker said Mesa County Department of Human Services (MCDHS) is acquiring a grant to hire a consultant to work with the V.A., and possibly GJHA, to help veterans access the home and community-based services that are provided through MCDHS.
 - Lori Rosendahl said Volunteers of America (VOA) is acquiring a large grant to add staff to work with veterans. Staff offices for this effort are based at the Monument Business Center with staff doing case management for the clients utilizing the Project-Based Vouchers at Village Park.

- Prevent Foreclosure for Western Slope
 - Jody Kole stated that more efforts are concentrating in the pre-purchase counseling arena due to the positive shift in the economy and the declining need for foreclosure counseling.

- Good Partners with Government/Communicate GJHA Value to Community
 - In 2014, GJHA will celebrate its fortieth year of service to the community. Jody Kole said this becomes an appropriate time to tout the accomplishments of GJHA and educate the community on the wide variety of what GJHA does. In the future, a plan will be formulated on how to best broadcast the GJHA story to the community and local key government/service groups.

Chris Mueller recommended that the Compensation Committee (Chuck McDaniel, Chris Launer, and Chris Mueller) and the Real Estate Committee (Chuck McDaniel, Chris Launer, Scott Aker, and Jody Kole) review this Strategic Plan for refinement of stretch goal recommendations in consideration of incentive compensation and/or bonuses.

A huge "thank you" was extended to Chris Mueller for his efforts on the 2013 – 2014 Strategic Plan.

Barbara Traylor Smith left the Meeting at 1:08 p.m. A quorum remained.

6. Other Business

Scheduling

- *Board Social: Welcome to Barbara Traylor Smith and Tami Beard and Farewell to Tim Hudner*

Upon consulting Board Members on their availability, a Board Social is scheduled for November 14, 2013. The purpose of the social is to welcome the new Board Members, Barbara Traylor Smith and Tami Beard, and to bid farewell to Tim Hudner. The time and location will be determined and Board Members will be notified.

- Note: Venue - Old Chicago Restaurant
Time: - 5:30 p.m.

- *Confirm the Meeting Dates for the November/December Joint Meeting and the January 2014 Meeting*

The November/December Joint Board Meeting is confirmed for December 16, 2013. The January Board Meeting is the Annual Meeting and is scheduled for January 27, 2014. The location and time will be determined at a later date.

- Note: February 24, 2014 is the rescheduled date for the Annual Meeting with the event held at Two Rivers Convention Center.

Bad Debt Write Off

With the distribution of a memo dated October 28, 2013 from GJHA Director of Housing Services Amy Case, GJHA staff requested Board authorization to write off three accounts receivable amounts totaling \$5,129.25. Chris Launer asked for an explanation of the account receivable in the amount of \$4,027.18, to which Lori Rosendahl stated this was an eviction due to fraud which resulted in significant legal expense and repair of unit damages.

The Board approved the bad debt write-off amount of \$5,129.25 for the July – September 2013 time period with a motion by Paul Marx, a second by Chris Launer, and a unanimous vote.

Scott Aker left the Meeting at 1:14 p.m. A quorum remained.

Report on Housing Colorado Conference

As always, the Housing Colorado Conference was well worth the time to attend. Chris Launer noted attending a presentation stressing the importance of educating a community on the value of a Housing Authority and all it does.

Chris Mueller left the Meeting at 1:16 p.m. A quorum remained.

Report on NAHRO's National Conference

Lori Rosendahl and Karla Distel recently attended the NAHRO 2013 National Conference held in Cleveland, Ohio. Lori stated that the U.S. Department of Housing and Urban Development (HUD) reported there will be 2013-2014 Budget shortfall funding available in January. Conference dialogue revealed other Housing Authorities are reducing their Occupancy Standards effective immediately. Interesting presentations dealt with software demonstrations, landlord direct deposits, and rule changes for the Violence Against Women Act (VAWA).

7. Adjourn

The regular October Board Meeting adjourned at 1:20 p.m.